



Strategic Plan

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION
FISCAL YEARS 2013-2016

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Message from the Inspector General

I am pleased to submit this 2013-2016 Strategic Plan of the Treasury Inspector General for Tax Administration (TIGTA). I believe this document explains clearly and succinctly who we are and what we do best, *i.e.*, a highly skilled, proactive, and diverse Inspector General organization working to promote integrity, economy, and efficiency in the administration of the Nation's tax system.



In compliance with the Government Performance and Results Modernization Act of 2010, this document defines our goals and priorities over the next several years, and describes how we intend to accomplish them. In addition, the plan details how we intend to measure the results of our performance, so that we can recognize our achievements, identify any deficiencies, and use that information for continuous improvement.

TIGTA is mandated by statute to provide the independent audit, investigative, and inspection and evaluation services necessary to maintain and improve the quality and credibility of the Nation's system of tax administration. We carry out our statutory mandate by overseeing the programs and operations of the Internal Revenue Service (IRS), by making recommendations to improve the effectiveness and efficiency of tax administration, and by investigating allegations of waste, fraud, and abuse. Our oversight activities are explicitly designed to identify high-risk systemic inefficiencies in IRS operations and to investigate potential weaknesses in tax administration. It is in no small part due to the work of TIGTA's dedicated professionals that the American taxpayer can have confidence that IRS collection efforts, which generate over \$2 trillion annually in tax revenues, will be reviewed to work to ensure that they are conducted in a fair, effective, and efficient manner.

We at TIGTA are dedicated to meeting the challenges presented by these complex and turbulent times by implementing the dynamic and ambitious strategies outlined in these pages. In doing so, I am confident that we will continue successfully to carry out our important role in overseeing the fair and impartial administration of the Nation's tax system.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George".

J. Russell George
Inspector General

TIGTA's Vision

Maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration.

TIGTA's Mission

Provide quality professional audit, investigative, and inspections and evaluations services that promote integrity, economy, and efficiency in the administration of the Nation's tax system.

TIGTA's Core Values

- **Integrity** – Maintain the highest professional standards of integrity, personal responsibility, independence, objectivity, and operational excellence in pursuit of TIGTA's mission.
- **Organizational Innovation** – Model innovative practices in organizational structure, operational programs and processes, audit, investigative, and inspection and evaluation methodologies, and the application of advanced information technology.
- **Communication** – Achieve effective organizational approaches and solutions by encouraging open, honest, and respectful communication among TIGTA's executives, employees, offices, and functions, as well as between TIGTA and its external stakeholders.
- **Value Employees** – Respect the dignity, contributions, and work-life balance of our employees, and recognize diversity as fundamental to the strength of our organization.
- **Commitment to Collaboration** – Establish and maintain collaborative and professional relationships with other Government and non-Government stakeholders.

Profile

A profile of the Office of the Treasury Inspector General for Tax Administration (TIGTA), which includes a description of its statutory mandate, its organizational structure, and its authorities, can be found in the agency's Semiannual Report to Congress. The most recent edition is published, along with earlier editions, on our Internet website at http://www.treasury.gov/tigta/publications_semi.shtml.

The Strategic Planning Process

The Government Performance and Results Act of 1993 (GPRA)¹ provided the original foundation for performance planning, reporting, and budgeting for Federal agencies. GPRA requires Federal agencies to develop strategic plans with long-term goals, related strategies, and performance measures that gauge program results. The Government Performance and Results Modernization Act of 2010 (GPRMA)² was enacted to modernize and refine the GPRA requirements to encourage Federal agencies to produce more frequent relevant data to inform decision makers and agency operations. This strategic plan is structured to conform to the statutory requirements of GPRA and GPRMA.

TIGTA's strategic management process was executed in collaboration with senior TIGTA personnel and the Department of the Treasury's Office of Strategic Planning and Performance Improvement.

TIGTA's Goals and Strategies

TIGTA consists of a number of distinct disciplines. These disciplines are united by our common mission of strengthening the Nation's tax administration system – and by our integrated goals and strategies and mutually shared set of values. These elements are of equal importance in defining our identity as an organization, and are integral to the success of our mission.

¹ Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

² Pub. L. No. 111-352.

Goal 1: Promote the Economy, Efficiency, and Effectiveness of Tax Administration

TIGTA's integrated audits, investigations, and inspections and evaluations identify opportunities to improve the administration of the Nation's tax laws.

Our agency's comprehensive independent audits of IRS programs and operations focus on mandated reviews and on high-risk challenges that confront the IRS. These audits address a variety of IRS issues relating to information technology, computer and employee security, tax compliance initiatives, performance and financial management, taxpayer protection and rights, tax return processing, customer service, human capital, and potential tax fraud. Our recommendations not only result in cost savings, but have other quantifiable impacts, such as protection of existing revenue, increased revenue, and reduction of the number of fraudulent refunds and improper payments.

TIGTA is also involved in addressing an extensive number of requests from Congress and other external stakeholders. TIGTA responds to these requests through individual activities, and during the performance of audits, inspections and evaluations, and/or investigations. For example, TIGTA pursues such tax administration matters as the adequacy and security of IRS technology, taxpayer complaints received by the IRS and TIGTA, and the IRS's compliance with multiple legislative provisions.

Strategies Related to Goal 1

- Seek proactively to identify opportunities to increase the economy, efficiency, and effectiveness of IRS programs, operations, and resources, and to determine the effectiveness of the IRS's controls to identify and prevent fraudulent refunds and other improper payments.
- Allocate our limited resources effectively to audits, investigations, and inspections and evaluations which address the highest risk and most vulnerable areas within the tax administration system.
- Focus on audit emphasis areas that require continuing coverage because of their significance to, and impact on, tax administration, including the Affordable Care Act, identity theft, tax-exempt organizations, Return Preparer Program, international tax compliance, Tax Gap, procurement fraud, improper payments, and the Whistleblower Program.
- Provide useful and timely information, conclusions, and recommendations to IRS management.

- Enhance existing integrated succession and training plans to ensure that both leadership and technical staff expertise levels are sufficiently maintained to continue to achieve our core mission effectively.
- Respond in a timely manner to inquiries requested by internal and external customers and stakeholders.
- Establish external communication protocols to promote information exchange and outreach activities with stakeholders, think tanks, academia, and other public and private entities.
- Acquire and deploy up-to-date information technology equipment and other physical resources judiciously to increase our efficiency and effectiveness in carrying out the agency's mission.

Indicators and Measures Related to Goal 1

By assessing its performance in accordance with the following Indicators and Measures, TIGTA seeks to quantify its progress toward accomplishing its goal of promoting the economy, efficiency, and effectiveness of tax administration.

Percentage of Recommendations Made That Have Been Implemented

When TIGTA makes recommendations designed to improve the administration of the Federal tax system, these recommendations are of minimal value unless they are timely implemented by the IRS. Since the IRS needs time to act on recommendations, TIGTA measures the percentage of recommendations made in the previous four years that have since been implemented by the IRS. For example, the FY 2013 measure reflects the percentage of recommendations made in FY 2009 that the IRS has since implemented. TIGTA believes that if a recommendation has not been implemented within four years, it is not likely to be implemented at all, due to ineffectiveness, outdated corrective action, etc.

TIGTA identifies the number of recommendations included in each of its reports, and the IRS enters the findings and corresponding recommendations into a Department of the Treasury tracking system. This data is used as a tool for planning future audits, and for assessing the effectiveness of corrective actions taken. The tracking system is monitored regularly to make sure the recommendations reported as implemented have been updated to include the final corrective actions.

Percentage of Audit Products Delivered When Promised to Stakeholders

This measure tracks the percentage of audit products that are delivered on or before the contract date to which TIGTA has committed. It is critical that TIGTA's work be done efficiently to address deficiencies in, and needed enhancements to, IRS programs and procedures, and to respond to congressional inquiries. The more promptly our services are performed, the more likely they are to be useful to the IRS and Congress.

Goal 2: Protect the Integrity of Tax Administration

It is widely recognized that the successful operation of the Federal Government depends on an effective, efficient, and equitable tax system. Especially during these times of such extraordinary demand on Federal resources, Americans must have faith that their tax dollars are being fairly assessed and collected, and that the tax laws are being uniformly and impartially enforced. TIGTA is committed to working with the IRS, Congress, and other stakeholders to ensure that these goals are achieved.

Consistent with this commitment, TIGTA is constantly striving to carry out its statutory mandate to detect and prevent waste, fraud, and abuse in IRS programs and operations. Specifically, we provide comprehensive professional oversight over IRS activities in the form of integrated audits, investigations, and inspections and evaluations. TIGTA's efforts in this regard have proven to be successful in:

- Providing a deterrent effect against waste, fraud, abuse, and other misconduct by IRS employees and contractors;
- Overseeing the fair and equitable treatment of taxpayers;
- Identifying cost savings, as well as other quantifiable impacts, such as reduction of taxpayer burden; and
- Protecting taxpayer rights and entitlements, taxpayer privacy and security, and IRS resources.

TIGTA also undertakes investigative initiatives designed to protect the IRS against external threats that could impede the efficient and effective administration of its operations. These investigative initiatives identify individuals who perpetrate violence against IRS employees, or who otherwise could pose a threat to the safety of IRS employees, facilities, or data infrastructure. TIGTA provides crucial intelligence to help IRS officials make anticipatory or proactive operational decisions about potential terrorist attacks or other activities that could pose a threat to IRS systems, operations, and people.

Strategies Related to Goal 2

- Develop proactive initiatives designed: 1) to detect illegal or improper acts by IRS employees, and 2) to identify third parties likely to attempt to corrupt IRS employees while in the performance of their duties, or to interfere illegally with the administration of Internal Revenue laws.

- Develop and administer investigative programs designed to identify and mitigate potential corruption in IRS operations, such as unauthorized access to confidential taxpayer information or bribery of IRS officials.
- Investigate complaints of criminal or serious administrative misconduct by IRS employees in a thorough, fair, and timely manner.
- Collaborate with other Inspector General offices, as well as with other law enforcement agencies and organizations, for shared services opportunities and benefits, and to pursue mutual goals or accomplish shared mandates.
- Investigate all threats and timely refer threat information to the IRS.
- Conduct integrity awareness presentations for IRS employees, law enforcement agencies, tax practitioners, and community groups.
- Adhere to rigorous professional standards in providing TIGTA's various products and services to ensure fair and equitable treatment of taxpayers.
- Work in collaboration with the IRS to develop innovative systems and procedures for sharing and protecting taxpayer data in a safe and confidential manner.
- Explore innovative options to continue attracting employees with the skills and expertise necessary to meet the ever increasing volume and sophistication of technological threats to the integrity and security of taxpayer information.

Indicators and Measures Related to Goal 2

The following performance measurement is useful in monitoring the success of TIGTA's efforts to achieve its goal of promoting the integrity of tax administration.

Percentage of Results from Investigative Activities

This measurement is based on the percentage of those cases within the universe of all TIGTA cases which most accurately align with the mission of the organization. These mission-critical cases provide the greatest impact on the protection of the integrity of tax administration.

This percentage is determined by first calculating the number of threat investigations and criminal, civil, and administrative cases closed during the fiscal year due to the achievement of a result, then dividing that number by the total number of *all* cases closed during the fiscal year.

Goal 3: Be an Organization that Values Its People

TIGTA recognizes that the key driving forces in a successful organization are the knowledge, skills, and abilities of its employees. Accordingly, TIGTA's employees play a critical role in the organization's growth and performance. TIGTA is committed to promoting a workplace environment devoted to operational excellence, and to supporting the development of a highly skilled and valued workforce.

One benchmark for measuring TIGTA's success in achieving its strategic goal of being an organization that values its people is its consistently high placement in the Partnership for Public Service's "Best Places to Work" rankings. In 2012, for instance, TIGTA placed 13th out of 292 agencies in the overall index score. These rankings, which are based on the annual Employee Viewpoint Survey conducted by the Office of Personnel Management (OPM), are intended to measure the performance of Federal agency subcomponents related to employee satisfaction and commitment.

Strategies Related to Goal 3

- Identify essential skills and competencies for each mission-critical occupation; recognize areas that require improvement; and make e-training and other forms of technology-based training opportunities available for professional development to the maximum degree possible.
- Continue to support and encourage teleworking and other workplace flexibilities under circumstances mutually beneficial to the agency and its employees.
- Strengthen workforce planning to enhance and maintain a diverse, dedicated, and passionate workforce by providing an organizational culture in which every employee's knowledge and skills are recognized, appreciated, and fully utilized.
- Develop emerging leaders and build "bench strength" by employing targeted development, mentoring, and training programs and practices designed to close skill gaps, improve diversity, and encourage a results-oriented, high-performance culture.
- Develop new, and enhance existing, Human Capital programs to strengthen accountability, increase productivity, reinforce employee motivation, improve customer service, and afford employees the opportunity to develop a fulfilling work-life balance.
- Take advantage of innovative hiring programs and procedures, such as the Pathways Programs, to actively pursue talented students and recent graduates who might be able to fill mission-critical positions.

- Evaluate employee survey feedback to address employee concerns and implement appropriate measures.

Indicators and Measures Related to Goal 3

By applying the following performance measurement, TIGTA is able to quantify the success of its efforts to be an organization that values its people.

Strive to achieve at least a 70% positive response rate on employee satisfaction surveys

Part of an agency's ability to develop and maintain a world-class Federal workforce is acknowledging that its employees are the agency's greatest asset. It is for this reason that we focus on employees' perceptions regarding critical areas of their work lives, *i.e.* those areas which drive employee satisfaction, commitment, and passion, and ultimately result in an employer's successful retention of its workforce. TIGTA employees are provided the opportunity to participate in the annual OPM Federal Employee Viewpoint Survey. The results of this Government-wide survey are published as OPM's "Best Places to Work" rankings. TIGTA regards these rankings, along with other employee feedback, as reliable indicators of workplace satisfaction.

Near-Term Priority Goals of TIGTA

In addition to the high-level strategic goals of the agency, TIGTA has established a number of concrete near-term priority goals that are intended to achieve measurable results over the next two years, as required by GPRA.³

Maximize the Use of Available Resources to Reduce the Impact of Budget Restrictions on TIGTA's Operations

Like every other Federal Government department or agency, TIGTA must plan and operate within what has recently become an increasingly difficult financial and budgetary environment. Reduced funding is likely to have a progressively more detrimental impact on the organization over the foreseeable future. As TIGTA's statutory reporting requirements continue to grow, budgetary requirements and unfunded mandates will increasingly challenge the ability of TIGTA's workforce to deliver its mission.

³ 31 U.S.C. § (b)(1)(B).

However, notwithstanding the consequences of contracting Federal Government budgets, the American taxpayer has every right to expect that our nation's tax system will be administered efficiently, effectively, and fairly. Consequently, our foremost challenge as an Inspector General's office will be to relentlessly pursue ways of "doing more with less," in order to continue to effectively accomplish our statutory mandates. For that reason, our highest priority near-term goal will be to maximize our limited resources toward mission critical work and to reduce the adverse impact of existing and impending budget restrictions on our programs and services.

This priority goal is related to TIGTA's strategic goals to "Promote the Economy, Efficiency, and Effectiveness of Tax Administration" and "Protect the Integrity of Tax Administration."

Mitigate Risks Associated with Information Access and Data Management

Another TIGTA priority goal is to continue to identify and mitigate the risks associated with the explosive growth of information technology and its impact on the tax administration system. There are several aspects of information technology that rank among the most pressing near-term concerns of the agency.

TIGTA's access to IRS data and resources is critical. Every advance in IRS modernization efforts creates corollary needs for TIGTA to access IRS data systems and to maintain the human and technological resources necessary to effectively perform data analytics.

Other technology-related challenges that must continue to be addressed as priorities include responding to statutory mandates governing the electronic storage of permanent Government records and e-mails. Another challenge is in maintaining and improving the ability of the agency's workforce to cope with bandwidth thresholds and cyber security threats.

Mitigating risks associated with information access and data management is related to TIGTA's strategic goals to "Promote the Economy, Efficiency, and Effectiveness of Tax Administration" and to "Protect the Integrity of Tax Administration."

Oversee IRS Efforts to Administer Key Tax Provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010

The health care reform statute, known as the Affordable Care Act of 2010⁴ (ACA), contains an extensive array of tax law changes that will present a continuing source of challenges to the IRS in the coming years. Several key ACA provisions will become effective in FY 2013 and FY 2014.

While the Department of Health and Human Services is responsible for leading the oversight of the policy provisions of the ACA, the IRS will administer the Act's numerous

⁴ Pub. L. No. 111-148.

tax provisions. The IRS estimates that the ACA includes approximately 50 tax provisions, and that at least eight provisions will require the IRS to build processes that do not currently exist. In addition, TIGTA believes the IRS's involvement in the implementation and enforcement of provisions of the ACA will make it a target for more threats and impersonation attempts.

The undertaking of these new IRS requirements has created a critical need for additional TIGTA oversight activities to ensure the effective and efficient implementation and administration of the numerous ACA-related provisions. This priority goal is related to TIGTA's strategic goals to "Promote the Economy, Efficiency, and Effectiveness of Tax Administration" and "Protect the Integrity of Tax Administration."

Key Factors External to the Agency and Beyond its Control That Could Significantly Affect Achievement of its Strategic Goals

GPRA requires that TIGTA identify in this strategic plan those key factors external to the agency that could significantly affect the achievement of its general goals and objectives. The most important of these external factors are described below.

Constantly Changing Priorities of the IRS

One of the principal factors affecting TIGTA's ability to achieve its strategic goals is the constantly evolving nature of the IRS's goals, programs, and priorities. As the challenges confronting the IRS change, so must TIGTA's oversight responsibilities.

Currently, some of the most immediate of these IRS challenges include:

- The detection and investigation of fraud and electronic crime, such as the increasingly serious problems of identity theft, refund fraud, and procurement fraud;
- The need to protect taxpayer data, employee safety, and facility security from external and internal threats;
- Achievement of the Department of Treasury's established goal to increase voluntary tax compliance; and
- The implementation of major changes in the tax law, such as the Affordable Care Act and the Tax Relief, Unemployment Insurance Reauthorization, and the Job

Creation Act of 2010⁵ (the late passage of which required the IRS to reprogram its computer systems to accommodate newly adopted tax provisions).

- Addressing significant shortcomings in the management and oversight of the Exempt Organizations function regarding the processing of applications for tax-exempt status for organizations that may be involved with political campaign intervention.

Other External Factors

During the period covered by this plan, TIGTA will need to address a number of other external forces and influences that are likely to affect the execution of its strategic plan. These include:

- Anticipated decreases in funding levels, which threaten to limit or reduce the number of the organization's full-time equivalent positions and to decrease the number of high-risk audits, inspections, and evaluations that can be conducted, as well as the number of investigations that can be initiated.
- Anticipated funding reductions also present challenges regarding long-term planning and investment strategies related to information technology investment. TIGTA is highly reliant upon IT to fulfill its mission. Given the rapid change in technology and an uncertain financial future it is difficult to anticipate refresh funding. Moreover, cyber security threats are likely to increase as the IRS engages in the Affordable Health Care enforcement activities with which it has been charged, which will create further demands on the IT infrastructure.
- An impending wave of retirements among the agency's most experienced executives, managers, auditors, evaluators, investigators, information technology specialists, attorneys, program analysts and other personnel, with a resulting loss in valuable expertise and skill sets and the concomitant need for maintaining superior training and mentoring programs at all levels of the organization.
- Continual and rapid changes in technology that present new risks related to taxpayer privacy, identity theft, cyber security, and electronic crime. The technological environment creates unprecedented challenges related to the storage and sharing of taxpayer information collected by the IRS, processing capacities, and the use of automated tools.
- The enactment of any new legislation which affects the Inspector General community as a whole, and TIGTA in particular.
- Increasing public skepticism toward government in general, and especially toward Federal tax law and administration.

⁵ Pub. L. No. 111-312.

Appendix

Alignment of Department of the Treasury Strategic Goals and TIGTA's Strategic Goals

Treasury's Strategic Goals and Strategies	TIGTA's Strategic Goals and Strategies
<p>Treasury's Strategic Goal #4: Pursue Comprehensive Tax and Fiscal reform</p> <p>Strategy: Increase voluntary tax compliance.</p>	<p>TIGTA's Strategic Goal #1: Promote the economy, efficiency, and effectiveness of tax administration.</p> <p>Strategies:</p> <ul style="list-style-type: none">• Seek proactively to identify opportunities to increase the economy, efficiency, and effectiveness of IRS programs, operations, and resources and to determine the effectiveness of the IRS's controls to identify and prevent fraudulent refunds and other improper payments.• Allocate our limited resources effectively to audits, investigations, and inspections and evaluations which address the highest risk and most vulnerable areas within the tax administration system.• Focus on audit emphasis areas that require continuing coverage because of their significance to, and impact on, tax administration, including the Affordable Care Act, identity theft, tax-exempt organizations, Return Preparer Program, international tax compliance, Tax Gap, procurement fraud, improper payments, and the Whistleblower Program.

Treasury's Strategic Goals and Strategies	TIGTA's Strategic Goals and Strategies
<p>Treasury's Strategic Goal #5: Manage The Government's Finances in a Fiscally Responsible Manner.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Modernize financial systems and standardize accounting practices. • Continuously improve our operations and processes to generate efficiency savings. <p style="text-align: center;">* * *</p> <p>Strategy: Attract and maintain an exceptional workforce.</p>	<p>TIGTA's Strategic Goal #1: Promote the economy, efficiency, and effectiveness of tax administration.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Acquire and deploy up-to-date information technology equipment and other physical resources judiciously to increase our efficiency and effectiveness in carrying out the agency's mission. <p>TIGTA's Strategic Goal #2: Protect the Integrity of Tax Administration</p> <ul style="list-style-type: none"> • Work in collaboration with the IRS to develop innovative systems and procedures for sharing and protecting taxpayer data in a safe and confidential manner. <p style="text-align: center;">* * *</p> <p>TIGTA's Strategic Goal #3: Be an organization that values its people.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Identify essential skills and competencies for each mission-critical occupation; recognize areas that require improvement; and make e-training and other forms of technology-based training opportunities available for professional development to the maximum degree possible. • Strengthen workforce planning to enhance and maintain a diverse, dedicated, and passionate workforce by providing an organizational culture in which every employee's knowledge and skills are recognized, appreciated, and fully utilized. • Continue to support and encourage teleworking and other workplace flexibilities under circumstances mutually beneficial to the agency and its employees.



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